

(b) all sinking fund payments and all purchase fund payments or other obligations of the Corporation for the periodic retirement of shares of Cumulative Preferred Stock of all series then outstanding required to have been made or performed by the Corporation shall have been made or performed.

6.10% SERIES CUMULATIVE PREFERRED STOCK

The designations, rights, preferences and conditions of the Cumulative Preferred Stock of the par value of \$50 each, consisting of 100,000 shares, to the extent not set forth above, shall be as follows:

(1) Designation of series: The series of Cumulative Preferred Stock hereby established shall be designated as "6.10% Series Cumulative Preferred Stock" and shall consist of 100,000 shares.

(2) The rate of dividend: The rate of dividend payable on the shares of 6.10% Series Cumulative Preferred Stock shall be 6.10% of the par value thereof per annum.

(3) The price at and the terms and conditions on which the shares may be redeemed: The 6.10% Series Cumulative Preferred Stock shall be subject to redemption at any time and from time to time in the manner provided in Paragraph IV above of Section 2 of Article IV hereof at the redemption price per share of \$56.25 if redeemed on or before August 31, 1972, \$52.50 if redeemed thereafter and on or before August 31, 1977, and \$51.00 if redeemed thereafter. If less than all of the shares of 6.10% Series Cumulative Preferred Stock are to be redeemed, the shares to be redeemed shall be apportioned on a pro rata basis between the registered holders of 2.5% or more of the then outstanding shares of 6.10% Series Cumulative Preferred Stock as a group and the registered holders of less than 2.5% of the then outstanding shares of 6.10% Series Cumulative Preferred Stock as a group. The portion of such shares to be redeemed from within such group of registered holders of 2.5% or more shall be apportioned on a pro rata basis between or among such holders. The portion of such shares to be redeemed from within such group of registered holders of less than 2.5% shall be apportioned by lot or pro rata as shall from time to time be determined by resolution of the Board of Directors. In a pro rata apportionment of shares of 6.10% Series Cumulative Preferred Stock in a partial redemption, the Corporation need not issue any fractional shares.

(4) The amount payable upon shares in event of involuntary liquidation: The 6.10% Series Cumulative Preferred Stock shall be entitled to receive the amount provided in Paragraph III(a) above of Section 2 of Article IV hereof in the event of involuntary liquidation.

(5) The amount payable upon shares in event of voluntary liquidation: The 6.10% Series Cumulative Preferred Stock shall be entitled to receive the amount provided in Paragraph III(b) above of Section 2 of Article IV hereof in the event of voluntary liquidation.

(6) Sinking fund provisions for the redemption or purchase of shares: There are no sinking funds provisions for the redemption or purchase of shares of 6.10% Series Cumulative Preferred Stock.

(7) Pre-emptive rights: So long as any shares of 6.10% Series Cumulative Preferred Stock shall be outstanding, no holder of any shares of any series of the aforementioned Cumulative Preferred Stock shall be entitled, as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock or securities of the Corporation convertible into stock, of any class whatsoever, whether now or hereafter authorized, and whether issued for cash, property, services or otherwise.

CUMULATIVE PREFERENCE STOCK, PAR VALUE \$100 PER SHARE

The designations, rights, preferences and conditions of the Cumulative Preference Stock of the Corporation, except as otherwise provided by law or determined in accordance with the provisions hereinafter set forth shall be as follows:

I. Issuance in Series. The Cumulative Preference Stock of the par value of \$100 per share shall be issued in whole or in part as one or more series as hereinafter provided or as shall be determined from time to time by the Board of Directors.

To the extent that variations in the relative rights and preferences as between series of the Cumulative Preference Stock are not established, fixed and determined herein, authority is hereby expressly vested in the Board of Directors to fix and determine the relative rights and preferences of the shares of any series of such Cumulative Preference Stock hereafter established, but all shares of Cumulative Preference Stock shall be identical except as to the following relative

rights and preferences, as to which there may be variations between different series:

- (1) The rate of dividend;
- (2) The price at and the terms and conditions on which the shares may be redeemed;
- (3) The amount payable upon shares in event of involuntary liquidation;
- (4) The amount payable upon shares in event of voluntary liquidation;
- (5) Sinking fund provisions for the redemption or purchase of shares; and
- (6) The terms and conditions on which shares may be converted, if the shares of any series are issued with the privilege of conversion.

All shares of Cumulative Preference Stock shall be of equal rank with each other, regardless of series, and shall be identical with each other in all respects except as provided pursuant to this Paragraph 1; and the shares of Cumulative Preference Stock of any one series shall be identical with each other in all respects, except as to the dates from and after which dividends thereon shall be cumulative. As used herein, the term "of equal rank" means neither enjoying nor being subject to any priority with respect either to payment of dividends or to the distribution of assets upon the liquidation, dissolution or winding up of the Corporation, and has no reference to the rate or amount of such dividends or distributions or to other terms of the shares.

The Cumulative Preference Stock is subject to the prior rights and preferences of the 4.80% Cumulative Preferred Stock, the 4.30% Cumulative Preferred Stock, the Cumulative Preferred Stock and all other classes of preferred stock of equal rank therewith now or hereafter authorized (hereinafter referred to collectively as the "Cumulative Preferred Stock").

The shares of Cumulative Preference Stock may be issued for such consideration, not less than the par value thereof, as shall be fixed from time to time by the Board of Directors; provided, however, that no additional shares of Preference Stock may be issued if, after giving effect to such issuance on a pro forma basis, the amount of the capitalization of the Corporation on a pro forma

basis (as determined in accordance with generally accepted accounting practice) represented by Cumulative Preferred Stock and Cumulative Preference Stock, plus the premium, if any, on preferred and preference stock outstanding, would exceed 20% of the Total Capitalization of the Corporation.

The term "Total Capitalization of the Corporation" shall mean, at any date as of which the amount thereof is to be determined, the aggregate of: (a) Shareholders' Equity of the Corporation, and (b) the aggregate principal amount of all debt of the Corporation maturing by its term more than one year after the date of creation thereof of the Corporation outstanding on such date.

II. Dividend Rights. Subject to the prior rights and preferences of the Cumulative Preferred Stock, the holders of Cumulative Preference Stock of each series shall be entitled to receive, out of any funds legally available for the purpose, when and as declared by the Board of Directors, cumulative cash dividends thereon at such rate per annum as shall be fixed by resolution of the Board of Directors in the case of each such series, and no more. Dividends on the Cumulative Preference Stock of all series shall be payable quarterly on the first day of the months of January, April, July and October in each year. Dividends on Cumulative Preference Stock of each series shall be cumulative with respect to each share from such date, if any, as may be fixed by resolution of the Board of Directors prior to the issue thereof or, if no such date is established, from the first day of the dividend period in which such share shall originally have been issued. Accumulations of dividends shall not bear interest. Whenever there shall be paid on the Cumulative Preference Stock of any series the full amount or any part of the dividends payable thereon, there shall also be paid at the same time upon the shares of each other series of Cumulative Preference Stock and of shares of stock of equal rank thereto then outstanding the full amount or the same proportionate part, as the case may be, of the dividends payable thereon.

III. Preference upon Liquidation, Dissolution, or Winding Up. In the event of any partial or complete liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, before any distribution shall be made to the holders of any shares of Common Stock, but subject to the prior rights and preferences of the Cumulative Preferred Stock, the Cumulative Preference Stock of each series shall be entitled, pari passu with all stock of equal rank, to receive for each share thereof, out of any legally available assets of the Corporation:

(a) if such liquidation, dissolution or winding up shall be involuntary, a sum in cash equal to \$100 per share; or

(b) If such liquidation, dissolution or winding up shall be voluntary, a sum in cash equal to the redemption price that would have been payable had the Corporation, instead, at its option redeemed the same on the date when the first distribution is made upon the shares of Cumulative Preference Stock in connection with such voluntary liquidation, dissolution or winding up;

plus, in each case, an amount equal to all unpaid cumulative dividends thereon, whether or not declared or earned, accrued to the date when payment of such preferential amounts shall be made available to the holders of the Cumulative Preference Stock; and the Cumulative Preference Stock shall be entitled to no further participation in such distribution.

If, upon any such liquidation, dissolution or winding up of the affairs of the Corporation, the assets of the Corporation available for distribution as aforesaid among the holders of the Cumulative Preference Stock of all series and of all stock of equal rank shall be insufficient to permit the payment to them of the full preferential amounts aforesaid, then the entire assets of the Corporation so to be distributed shall be distributed ratably among the holders of the Cumulative Preference Stock of all series and of all stock of equal rank in proportion to the full preferential amounts to which they are respectively entitled.

A consolidation or merger of the Corporation, or a sale or transfer of all or substantially all of its assets as an entirety shall not be regarded as a "liquidation, dissolution or winding up of the affairs of the Corporation" within the meaning of this Paragraph III.

IV. Redemptions. (a) The Corporation may, unless otherwise prohibited by any provisions of these Articles of Incorporation, as amended, or any resolution adopted by the Board of Directors providing for the issue of any series of Cumulative Preference Stock of which there are shares then outstanding, at its option, expressed by resolution of its Board of Directors, at any time redeem the whole or any part of the Cumulative Preference Stock or of any series thereof at the time outstanding, by the payment in cash for each share of stock to be redeemed of the then applicable redemption price or prices as shall be fixed by resolution of the Board of Directors in the case of each such series, plus, in any such case, a sum of money equivalent to all accrued and unpaid cumulative dividends, whether or not declared or earned, thereon to the date fixed for redemption.

Notice of any proposed redemption of shares of Cumulative Preference stock shall be given by the Corporation by mailing a copy of such notice at least 30

days prior to the date fixed for such redemption to the holders of record of the shares of Cumulative Preference Stock to be redeemed, at their respective addresses appearing on the books of the Corporation. Said notice shall specify the shares called for redemption, the redemption price and the place at which and the date on which the shares called for redemption will, upon presentation and surrender of the certificates of stock evidencing such shares, be redeemed and the redemption price therefor paid.

If less than all of the shares of any series of Cumulative Preference Stock then outstanding are to be redeemed, the shares to be redeemed shall be selected by such method, either by lot or pro rata, as shall from time to time be determined by resolution of the Board of Directors, subject to any limitation contained in resolutions of the Board of Directors or in these Articles of Incorporation, as amended, providing for any series of Cumulative Preferred Stock or Cumulative Preference Stock.

From and after the date fixed in any such notice as the date of redemption, unless default shall be made by the Corporation in providing moneys at the time and place specified for the payment of the redemption price pursuant to said notice, all dividends on the shares of Cumulative Preference Stock thereby called for redemption shall cease to accrue and all rights of the holders thereof as stockholders of the Corporation except the right to receive the redemption price, but without interest shall cease and determine; provided, however, the Corporation may, in the event of any such redemption, and prior to the redemption date specified in the notice thereof, deposit in trust, for the account of the holders of the shares of Cumulative Preference Stock to be redeemed, with any bank or trust company having a capital, surplus and undivided profits aggregating at least \$5,000,000, all funds necessary for such redemption, and thereupon all shares of the Cumulative Preference Stock with respect to which such deposit shall have been made shall forthwith upon the making of such deposit no longer be deemed to be outstanding and all rights of the holders thereof with respect to such shares of Cumulative Preference Stock shall thereupon cease and terminate, except the right of such holders to receive from the funds so deposited the amount payable upon the redemption thereof, but without interest, or, if any right of conversion conferred upon such shares shall not, by the terms thereof, previously have expired, to exercise the right of conversion thereof on or before the redemption date specified in such notice, unless such right of conversion by the terms thereof expires at an earlier time, and then only on or before such earlier time for the expiration of such right of conversion. Any funds so set aside or deposited which, because of the exercise of any right of conversion of shares called for redemption, shall not be required for such redemption, shall be released or repaid forthwith to the Corporation. Any funds so set aside or deposited, which shall be unclaimed at

the end of six years from such redemption date, shall be released or repaid to the Corporation upon its request expressed in a resolution of its Board of Directors, and any depository thereof shall thereby be relieved of all responsibility in respect thereof, after which release or repayment of the holders of shares so called for redemption shall look only to the Corporation for payment of the redemption price, but without interest. Any interest on funds so deposited which may be allowed by any bank or trust company with which such deposit was made shall belong to the Corporation.

(b) If and so long as any quarterly dividend on any series of Cumulative Preferred Stock or Cumulative Preference Stock shall be in arrears, the Corporation shall not redeem, purchase or otherwise acquire, by way of sinking fund payment or otherwise, any Cumulative Preference Stock or any stock of equal rank unless all outstanding shares of Cumulative Preference Stock are simultaneously redeemed.

(c) Whenever there shall be deposited or set aside the whole or any part of the funds required to be deposited or set aside by the Corporation as a sinking fund for any series of Cumulative Preference Stock there shall be also deposited or set aside at the same time the full amount or the same proportionate part, as the case may be, of the funds, if any, then due to be deposited or set aside as a sinking fund for each other series of Cumulative Preference Stock then outstanding.

(d) All shares of the Cumulative Preference Stock which shall have been redeemed, converted, purchased or otherwise acquired but the Corporation shall be retired and cancelled and shall have the status of authorized but unissued shares of Cumulative Preference Stock.

V. Voting Rights. The holders of shares of Cumulative Preference Stock shall have no right to vote for the election of directors or for any other purpose, except as provided or required by law.

VI. Restrictions on Common Stock Dividends and Distributions. So long as any shares of any series of the Cumulative Preference Stock shall remain outstanding, no dividend (other than a dividend payable in shares of Common Stock) shall be paid or declared, nor shall any distribution be made on Common Stock and no Common Stock shall be redeemed, purchased, retired or otherwise acquired either directly or indirectly, unless:

(a) All dividends on the Cumulative Preference Stock of all series then outstanding for all past quarterly dividend periods and for the current quarterly

dividend period shall have been paid or declared and a sum sufficient for the payment thereof set apart; and

(b) All sinking fund payments and all purchase fund payments or other obligations of the Corporation for the periodic retirement of shares of Cumulative Preference Stock of all series then outstanding required to have been made or performed by the Corporation shall have been made or performed.

VII. Pre-emptive Rights. No holder of shares of Cumulative Preference Stock shall be entitled, as such, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock or securities of the Corporation convertible into stock, of any class whatsoever, whether now or hereafter authorized, and whether issued for cash, property, services or otherwise.

Section 3. Subject to the provisions of this Article IV and compliance with the laws of the State of Iowa, the Board of Directors of the Corporation shall have full power to issue, to sell at prices to be fixed by the Board of Directors of the Corporation, or to exchange for property or outstanding stock of the Corporation, any shares of any class of stock of the Corporation authorized to be issued, at such times as may be fixed by the Board of Directors of the Corporation; provided, however, no stock shall be issued or sold for a consideration less than the par value thereof.

Section 4. Shares of stock of the Corporation shall be transferable only upon the books of the Corporation in person or by attorney, duly authorized in writing.

Certificates for shares of capital stock of the Corporation shall be in such form as shall be approved by the Board of Directors; provided, however, such certificates shall comply with all of the existing requirements of the laws of the State of Iowa with respect thereto. The Board of Directors shall be authorized to appoint registrars and/or transfer agents to act as agents of the Corporation in recording transfers and registering ownership of capital stock of the Corporation. In the event of the appointment of a registrar and/or transfer agent and the signature of a registrar or the signature or counter signature of a transfer agent on stock certificates issued by the Corporation the signatures of officers of the Corporation signing stock certificates may be a facsimile thereof in lieu of the actual signature of such officer or officers, and may be either engraved or printed on the stock certificates. The fact that at the time of the actual issue or delivery of a stock certificate, the officer whose signature either actual or facsimile, appears on such stock certificate shall prior thereto have ceased to be such officer, shall not invalidate the signature, nor such certificate.

Section 5. Subject to the provisions of Article IV of these Articles the Board of Directors shall have power to close the stock transfer books of the Corporation for a

period not exceeding forty days preceding the date of any meeting of stockholders or the date for payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect; provided, however, that in lieu of closing the stock transfer books as aforesaid, the Board of Directors may fix in advance a date, not exceeding forty days preceding the date of any meeting of stockholders or the date for the payment of any dividend or the date for the allotment of rights or the date when any change or conversion or exchange of capital stock shall go into effect, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting, or entitled to receive payment of any such dividends or to any such allotment of rights or to exercise the rights in respect of any such change, conversion or exchange of capital stock, and in such case such stockholders only as shall be stockholders of record on the date so fixed shall be entitled to such notice of, and to vote at such meeting, or to receive payment of such dividend or to receive such allotment of rights or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any such record date fixed as aforesaid.

Section 6. At any meeting of the stockholders each holder of a share of capital stock entitled to vote upon the subject or subjects to be acted upon shall be entitled to one vote for each share of Preferred Stock and/or Common Stock registered in his name on the stock books of the Corporation ten (10) days prior to the date of meeting, subject, however, to the right of the Board of Directors to fix a record date for determination of stockholders entitled to vote as provided in Section 5 of this Article IV. If so provided in the Bylaws of the Corporation such voting may be by proxy subject to such restrictions as may be provided in the Bylaws.

Section 7. All of the issued and outstanding shares of Common Stock of the Corporation, except for those shares held by IES Industries Inc., shall be cancelled; and the shares of Common Stock of the Corporation held by IES Industries Inc. shall be split into and become an equal number of shares of Common Stock of the Corporation that was outstanding at the close of business on May 19, 1986; all without affecting the authorized Capital Stock of the Corporation as described in this Article.

ARTICLE V

Subject to the provisions of Article IV of these Articles of Incorporation, any provisions of these Articles of Incorporation may be amended, altered or repealed at an annual or special meeting of the stockholders of the Corporation upon the affirmative vote of the holders of a majority of the Common Stock of the Corporation at the time issued and outstanding.

The notice of any meeting whereat it is proposed to amend, alter or repeal any article or articles or provision or provisions of these Articles of Incorporation shall set forth in full the article or articles or provision or provisions so to be amended, altered or repealed, and the changes proposed to be made in the same.

ARTICLE VI

The property and business of the Corporation shall be under the general management and control of the Board of Directors consisting of the number of persons fixed by the Bylaws of the Corporation. In addition to the powers and authority expressly conferred upon the said Board of Directors by these Articles of Incorporation and by the laws of the State of Iowa, such Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by these Articles of Incorporation directed or required to be exercised or done by the stockholders.

The Board of Directors shall elect a President, one or more Vice Presidents, a Secretary and a Treasurer, and such other officers as such Board of Directors may deem advisable or as may be provided for by the Bylaws of the Corporation. Any two offices may be filled by one and the same person, subject, however, to any specific restrictions which may be provided for in the Bylaws of the Corporation.

ARTICLE VII

Section 1. Meetings of Stockholders. The annual meeting of stockholders shall be held, in each year, at such place or places within or without the State of Iowa and on such date and at such time as shall be fixed by the directors and stated in the notice of meeting.

Section 2. Election of Directors. The number of directors constituting the Board of Directors shall be as fixed from time to time by the Bylaws of the Corporation, but the number so fixed shall not be less than five (5). The directors of the Corporation shall be divided into three classes as nearly equal in number as possible, to serve for staggered three-year terms or until their respective successors are duly elected and qualified as provided for in the Bylaws of the Corporation. If, at any annual meeting of the stockholders, directors of more than one class are to be elected, each class of directors to be elected at such meeting shall be nominated and voted for in a separate election.

Section 3. Bylaws. The Bylaws of the Corporation shall be adopted by the Board of Directors of the Corporation. The power to alter, amend, or repeal the Bylaws, or to adopt new Bylaws, shall be vested in the Board of Directors. The Bylaws may contain

any provisions for the regulation and management of the affairs of the Corporation not inconsistent with the laws of the State of Iowa, or these Articles of Incorporation.

Section 4. Executive Committee. If the Bylaws so provide, the Board of Directors, by resolution adopted by a majority of the number of directors, may designate two or more directors to constitute an Executive Committee, which Committee, to the extent provided in such resolution or the Bylaws, shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation; but the designation of such Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon the Board of Directors or any member thereof by law.

ARTICLE VIII

The private property of the stockholders of the Corporation shall be exempt from the debts of the Corporation.

ARTICLE IX

The Corporation shall commence business upon the date its certificate of incorporation is issued to it by the Secretary of the State of Iowa, and shall continue in perpetuity.

ARTICLE X

The Corporation may be liquidated or dissolved or, subject to the provisions of Article IV of these Articles of Incorporation, all of the property of the Corporation may be sold, by the affirmative vote in favor thereof of a majority of the Common Stock of the Corporation at the time issued and outstanding.

ARTICLE XI

Section 1. Liability. A director of this Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or knowing violation of the law, (iii) for any transaction from which the director derived an improper personal benefit, or (iv) under Section 490.833 of the

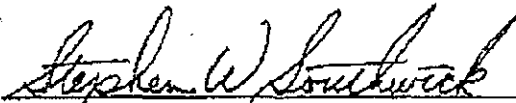
Iowa Business Corporation Act. If, after approval by the stockholders of this section, the Iowa Business Corporation Act is amended to permit the further elimination or limitation of the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Iowa Business Corporation Act, as so amended. Any repeal of this section by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation in respect of any act or omission occurring prior to the time of repeal or modification.

Section 2. Indemnification. The Corporation shall indemnify its directors, officers, employees and agents to the full extent permitted by the Iowa Business Corporation Act, as amended from time to time. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise against any liability asserted against and incurred by such person in any such capacity or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this section.

Dated this 20th day of April, 1998.



Larry D. Root
President & Chief Operating Officer



Stephen W. Southwick
Vice President, General Counsel & Secretary

FILED
IOWA
SECRETARY OF STATE

4-20-98

10:12am

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PAUL D. PATE
Secretary of State
State of Iowa

**Statement of Change
of Registered Office or
Registered Agent or Both**

20559

Pursuant to the provisions of the *Iowa Business Corporation Act*, the *Iowa Limited Liability Company Act*, or the *Iowa Nonprofit Corporation Act*, the corporation submits the following statement to change the registered office or registered agent or both, in Iowa:

RECEIVED
SECRETARY OF STATE
IOWA
FEB 22 AM 11:22

ppp 00.00 \$0.00
VCHD 146925

1. The name of the corporation: IES Utilities Inc.

2. The address of the new registered office of the corporation: * (No Change from previous)

200 First Street, SE, P. O. Box 351 Cedar Rapids Iowa 52401
Street City State Zip

3. The name of the new registered agent for the corporation: *

Daniel L. Siegfried

*NOTE: The address of the registered office and the address of the business office of the registered agent as changed, will be identical.

4. Signature

Linda J. Wentzel

Please type or print name and title: Linda J. Wentzel, Assistant Corporate Secretary

COMPLETE THIS ITEM ONLY IF REGISTERED AGENT HAS CHANGED
The undersigned consents to be appointed registered agent for the corporation named

Name of new agent Daniel L. Siegfried

Signature

Daniel L. Siegfried

FILED
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SECRETARY OF STATE

2-22-1999
11:22 AM
W206128



The information you provide will be open for public inspection under Iowa Code, section 22.11.

PLEASE READ INSTRUCTIONS ON REVERSE BEFORE COMPLETING